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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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3 UNITED STATES OF AMERICA,

4 v.

16 CR 371(RA)

5 JASON GALANIS,

6 Defendant.

7 -----x

8 New York, N.Y.
9 August 11, 2017
2:30 p.m.

10 Before:

11 HON. RONNIE ABRAMS,

12 District Judge

13 APPEARANCES

14 JOON H. KIM

15 Acting United States Attorney for the
Southern District of New York

16 BRIAN R. BLAIS

REBECCA G. MERMELSTEIN

17 Assistant United States Attorney

18 CHRISTOPHER P. MADIOU, ESQ.

LISA SCOLARI, ESQ.

19 Attorneys for Defendant

20 BOIES SCHILLER FLEXNER, LLP

Attorneys for Defendant

21 BY: MATTHEW L. SCHWARTZ

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(In open court; case called)

THE LAW CLERK: Counsel, please state your name for the record.

MS. MERMELSTEIN: Good afternoon, your Honor. Rebecca Mermelstein and Brian Blais for the government. With us at counsel table is Special Agent James Ecker of the FBI.

THE COURT: Good afternoon.

MS. SCOLARI: Good afternoon. Lisa Scolari for Jason Galanis. I am here with Christopher Madiou.

THE COURT: Good afternoon.

Good afternoon to you, Mr. Galanis.

This matter is on for sentencing in the *United States v. Jason Galanis*. Mr. Galanis pled guilty in January to conspiracy to commit securities fraud, securities fraud, and conspiracy to commit investment advisor fraud.

In connection with today's proceedings, I reviewed the following submissions: The presentence investigation report dated April 12th, Mr. Galanis's sentencing memorandum dated July 28th, the government's sentencing memorandum dated August 4th, the supplement to Mr. Galanis's sentencing memorandum dated August 10th, and various victim impact statements.

Have the parties received each of these submissions?

MS. MERMELSTEIN: Yes, your Honor.

MS. SCOLARI: The last thing, the victim impact

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1 statements, came too late for us to get it in a printed form;
2 but we were able to read it on the phone. That was the best
3 the government could do in that period of time.

4 THE COURT: Do you want a minute now to review it?

5 MS. SCOLARI: No. Thank you.

6 THE COURT: Let's begin by discussing the presentence
7 report prepared by the Probation Department.

8 Ms. Scolari, have you reviewed the presentence report
9 and discussed it with your client?

10 MS. SCOLARI: Yes, we have, your Honor.

11 THE COURT: Do you have any objections to it?

12 MS. SCOLARI: No.

13 THE COURT: Mr. Galanis, have you had enough time and
14 opportunity to review the presentence report and discuss it
15 with your attorney?

16 THE DEFENDANT: Yes, I have, your Honor.

17 THE COURT: Does the government have any objections?

18 MS. MERMELSTEIN: No, your Honor.

19 THE COURT: The Court adopts the factual findings in
20 the report. The presentence will be made part of the record in
21 this matter and placed under seal. If an appeal is taken,
22 counsel on appeal may have access to the sealed report without
23 further application to the Court.

24 Mr. Galanis, when you pled guilty in January, we
25 discussed the Federal Sentencing Guidelines, which is as you

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1 know a set of rules published by the United States Sentencing
2 Commission designed to guide judges in imposing sentence.
3 Although at one time they were mandatory, meaning that judges
4 were required to follow them, they are no longer mandatory.
5 They are no longer binding, but judges must nonetheless
6 consider them in determining an appropriate sentence and must
7 thus ensure that they have properly computed the guidelines.

8 I understand that consistent with the plea agreement
9 the parties agree with the guidelines calculation in the
10 presentence report pursuant to which Mr. Galanis is facing a
11 guidelines range of 188 to 235 months in prison; is that
12 correct?

13 MS. MERMELSTEIN: Yes, your Honor.

14 MS. SCOLARI: Yes, your Honor.

15 THE COURT: Ms. Scolari, I understand from your
16 submission that in your view a more appropriate starting point
17 is 168 to 210 months, but I want to confirm with you that you
18 are not seeking a hearing or a departure or claiming that
19 another range is the applicable range; is that right?

20 MS. SCOLARI: That is right. It is a 3553(a)
21 argument, your Honor.

22 THE COURT: Understood.

23 Based on the parties' agreement and my own independent
24 evaluation of the sentencing guidelines, I accept the
25 guidelines calculation if the presentence report. I find

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1 Mr. Galanis's offense level is 34, his criminal history
2 category is three, and his recommended guideline sentence is
3 188 to 235 months in prison.

4 As I said a moment ago that range is only advisory.
5 Courts may impose a sentence outside of that range base on one
6 of two legal concepts, a departure or a variance. A departure
7 allows for a sentence outside of the advisory range based on
8 some provision of the guidelines themselves. In the plea
9 agreement both parties agreed that no departure from the
10 guidelines range was warranted. Nevertheless, I have
11 considered whether there is an appropriate basis for departure
12 from the advisory range within the guidelines system and while
13 recognizing that I have the authority to depart, I don't find
14 any grounds warranting a departure under the guidelines. I
15 also have the power to impose a nonguideline sentence based on
16 what we call a variance pursuant to 18, United States Code,
17 Section 3553(a) that I know the defendant is seeking.

18 With that I will hear from the parties. Does the
19 government or any victims wish to be heard?

20 MS. MERMELSTEIN: Your Honor, other than the victim
21 impact statements that have already been submitted, the victims
22 do not wish to be heard in person at this proceedings. The
23 government, however, would like to be heard.

24 THE COURT: Bring the microphone a little closer,
25 please.

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1 MS. MERMELSTEIN: I don't want to belabor the points
2 that are made in our submission, but the government thinks that
3 a sentence at the top of the applicable guidelines is
4 appropriate here for a number of reasons. This defendant as
5 your Honor knows has a significant prior criminal history,
6 regulatory history, from which he has never before learned to
7 be dissuaded from engaging in criminal conduct. Not only has
8 he gone on to engage in crime after crime, but he has done so
9 while at the same time attempting to deceive prosecutors and
10 victims and courts about his intentions and about his claims to
11 have changed his ways. I will not belabor all the ways in
12 which he has done that or the number of times he sat with the
13 prosecutor and lied about what he was doing in his business
14 endeavors or lied about the facts of historical business
15 endeavors; but I think there is a tremendous need here for
16 personal deterrence. While the government recognizes that the
17 defendant is already serving a significant sentence, in the
18 government's view this is a person who after 135 months might
19 well go on to commit additional crimes.

20 The notion that somehow any of this is mitigated by
21 the defendant's personal circumstances should be given no
22 weight whatsoever. There is no doubt that the defendant's
23 father was himself a longstanding criminal and that has
24 affected the defendant; but he is 47 years old and that is not
25 the first time he has had the opportunity to say to a court, to

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1 a prosecutor, to the SEC, Look, I grew up in this family and I
2 learned the wrong lessons. He has lots of opportunities to
3 learn the right lessons since then and he has not done so.

4 The last two things I will say are this: One, the
5 defendant has asked somewhat astoundingly for no additional
6 time. He asked for a free pass on this fraud. That would just
7 be a wildly inadequate sentence. That would suggest that a
8 white-collared defendant having engaged in a large
9 white-collared fraud should quickly engage as many more as
10 possible before getting caught since there will be no
11 additional punishment for any additional crimes after the first
12 one and that would just not be an adequate sentence.

13 I think the other thing to say which concerns both the
14 nature of this crime itself and also some of the defendant's
15 arguments, are that the notion that the defendant never
16 intended to inflict loss on anyone in this case is facially
17 completely inconsistent with what he did in this case. The
18 defendant targeted the Oglala Sioux Tribe of the Wakpamni Lake
19 Community Corporation. That is a subdivision of that tribe.
20 It is their economic development arm. They are, as the victim
21 impact statement said, one of the poorest tribes in the
22 country. They have unemployment exceeding 80 percent.

23 They were induced to issue these bonds on the promises
24 that these bonds would be invested in safe annuities that would
25 provide money to pay back investors and to allow for some

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1 development by the tribe. None of that happened as your Honor
2 knows. It is not a question, as the defendant, suggests in his
3 submission of making a slightly different investment that was
4 promised but technically not allowed. Money was used in wildly
5 different ways. It is not fair to characterize the defendant's
6 conduct as his submission does as being a fraudulent business
7 practice.

8 This is not a fraudulent business practice. It was an
9 outright fraud from the beginning. The money was spent --
10 roughly 25 percent of it, more than \$8 million -- on the
11 defendant. It was spent on his mansion in Bel-Air. As your
12 Honor remembers from the Tagliaferri trial, on personal
13 expenses and on luxurious living. The notion that that was, as
14 he calls it, prematurely compensating himself for his role in
15 this business endeavor is laughable on its face. The notion
16 that you could prematurely steal 25 percent of the bond
17 proceeds and then successfully, safely invest the proceeds in
18 order to make everyone whole was never a realistic possibility
19 and it was never anyone's intent. There are a lot of facts
20 about the way the fraud works that let's you know that that can
21 never have been the intent.

22 First of all, no one ever told the tribe that things
23 were going to be done a little bit differently.
24 Notwithstanding, that there was round after round after round
25 of bonds. If these insurance company aspects, if these private

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1 equity investments were a reasonable way to investment bond
2 proceeds, there was no reason not to tell people. There was no
3 reason not to tell people about all the inherent conflicts of
4 interests of all of the various players, which I will not walk
5 through in detail. But you could tell people, "I am on both
6 sides of this, but I think it is a good investment" and no one
7 ever did.

8 The two biggest ones are, first, you don't need to
9 take over Atlantic and Hughes, the investment advisors and
10 force clients into these bonds if you think it is a good
11 investment. Pitch them to the public. Secondly, as your Honor
12 knows in the second and third rounds of these bonds, the bonds
13 weren't purchased by anyone. The proceeds of the first bond
14 issuance was recycled to purchase the second and third bond
15 issuances apparently so that the facial amount of the bonds
16 would be increased and could be used for all of these other in
17 many cases illegitimate purposes, like claiming you had net
18 capital for a broker dealer. The only reason to do that kind
19 of recycling is because it is a fraud. The notion that after
20 all of that things could work out, notwithstanding that you now
21 issued \$20 million of bonds that no one has even purchased, is
22 simply untrue.

23 I think that in light of all of those facts, in light
24 of the defendant's longstanding criminal conduct, in light of
25 his involvement in these prior crimes but in this one over a

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1 long period of time, a very significant sentence is warranted.
2 While I don't doubt that the inmates at MCC enjoys his business
3 classes, it strains an understanding of the history here to
4 conveniently think that this is the moment when he has truly
5 changed as a person given all of the times that that claim has
6 been made to the government and to courts on prior occasions
7 and all of the other opportunities for a lesson to be learned
8 when it simply has not happened. So I think that that claim
9 should be given little weight here.

10 In light of all those factors, not just the need to
11 deter this defendant but to justly punish him for his crimes
12 and to deter other defendants, a sentence to the high end of
13 the guidelines to be served concurrently to the current
14 sentence, so roughly 100 months, is the appropriate sentence.

15 THE COURT: Thank you.

16 MR. MADIOU: Thank you, your Honor. With your Honor's
17 permission, Ms. Scolari and I would like to bifurcate our
18 arguments here.

19 THE COURT: That's fine. Go ahead.

20 MR. MADIOU: Good afternoon again, your Honor.

21 Your Honor, 3553(a) requires a sentence that is
22 sufficient but not greater than necessary. The Court knows
23 this. We know this. The government knows this. It is
24 something we talk about all the time in our field. That phrase
25 is the most important phrase in all of federal criminal

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1 sentencing. It is the most important because it embodies our
2 system's view of the role of punishment and of incarceration.
3 It recognizes in one succinct phrase that there may be indeed
4 many reasonable sentences, but this Court's role is to select
5 the lowest of those reasonable sentences.

6 THE COURT: How would it be sufficient if he didn't
7 get any additional time for this conduct?

8 MR. MADIOU: Your Honor, we're not saying that he
9 should not get any additional time. We're saying that a below
10 guidelines concurrent sentence is the sufficient but not
11 greater than necessary sentence. We're saying that the next 11
12 years and more is the sufficient but not greater than necessary
13 sentence. Hopefully I can convince your Honor with our remarks
14 today why that is.

15 Again, the purpose of that phrase is to highlight that
16 there is a heartland of reasonable sentences but that the
17 difficult work in federal sentencing, the difficult work of
18 judges is to select the lowest of those reasonable sentences
19 and not a day more. Our disagreement with the government is
20 not over the facts, it is not over the loss amount, and it is
21 not over the catastrophic loss and harm that Mr. Galanis'
22 conduct caused. It is over what the lowest reasonable sentence
23 for this flawed imperfect but redeemable human being is. We
24 respectfully argue that the government's request is far greater
25 than what is necessary. A top of the guideline sentence for

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1 this man is far greater than what is necessary.

2 Now, the government is asking for a sentence that is
3 routinely imposed on violent recidivists in this courthouse,
4 dangerous defendants who have engaged in reckless conduct and a
5 blatant disregard for human life. Ms. Scolari and I have
6 represented many of those defendants in this courthouse. If
7 you permit me, I would like to bring two of those cases that I
8 have done in this past year, which are admittedly completely
9 different than Mr. Galanis' but which I think highlight some
10 very relevant points today.

11 February 2017 Rory Poole was sentenced for his role in
12 a robbery conspiracy in this courthouse. He robbed commercial
13 locations with a group of people, guns were brandished,
14 customers were tied up. He was also held responsible for a
15 separate drug conspiracy and a related shooting charge to that
16 drug conspiracy. He shot multiple times into a crowd of people
17 and he hit someone in the head. That person didn't die. Judge
18 Kaplan, not an easy sentencer, sentenced him to a bottom of a
19 guidelines sentence of 13 years, five years less than what the
20 government was asking for for Mr. Galanis.

21 In January of 2017, Wallie Burgos was sentenced in
22 this courthouse for the murder of a 16-year-old boy in a
23 separate attempted murder in connection with a racketeering
24 conspiracy. Judge Engelmayer sentenced Mr. Burgos to 22 years,
25 four years more than what Ms. Mermelstein is asking you to do

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1 to Mr. Galanis. Four of the deceased's family members spoke to
2 Judge Engelmayer on the day of his sentence and spoke about
3 their brutal loss and the catastrophic effects that my client
4 had on their family. When Judge Engelmayer described his
5 decision to both the family and on the record, he started by
6 saying that a life sentence was absolutely reasonable for that
7 conduct, but again he highlighted that one phrase from 3553(a),
8 the phrase that ties our whole system together and he told the
9 family -- the mother, the father, the sisters and brothers of
10 this person -- that 22 years was the lowest of the reasonable
11 sentences while recognizing that life was indeed a reasonable
12 sentence for this human being.

13 Again, both cases were recidivists, both engaged in
14 violence and again they're fundamentally different than
15 Mr. Galanis. The point is that they are not apples to apples.
16 That is why their sentences should not be fundamentally similar
17 to that of Mr. Galanis'. Mr. Galanis' conduct was egregious
18 and it caused harm, but in a qualitatively different way.
19 Shooting into a crowd of people, tying up store patrons,
20 robbing people and ending a 16-year-old's life, this is
21 fundamentally different than the offense conduct at issue here
22 and requires a different kind of punishment.

23 There are similar cases in this courthouse that are
24 instructive as well and I would like again bring two to the
25 Court's attention today. In 2009 Eric Skys was sentenced in

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1 this courthouse by Judge Pauley for his role in an \$83 million
2 fraud scheme. Mr. Skys was in criminal history category two,
3 the same category Mr. Galanis would have been in if he accepted
4 the joint plea offer. He was in an offense level of 37, one
5 point higher than Mr. Galanis would have been even if he had
6 added on the two obstruction points that Ms. Mermelstein argues
7 for in her memo.

8 THE COURT: Walk me through that. My understanding
9 was if you added the two acceptance points, he was facing a
10 guidelines range of 210. Is that what the government said in
11 its letter, or were you assuming that he was in criminal
12 history category three as opposed to two?

13 MS. MERMELSTEIN: No, your Honor. The point is that
14 had he accepted the joint plea offer and we rejected the notion
15 and now is being sentenced by your Honor on both the two cases,
16 the plea agreement guidelines would be wrong because the
17 government since the time it made that plea offer learned that
18 he obstructed justice in the way we described and so the
19 guidelines range would go two points and your Honor is right
20 that that range is 210 to 235 range.

21 THE COURT: Please proceed.

22 MR. MADIOU: My point is that is still one point lower
23 than the defendant I am describing to your Honor here. He had
24 a level of 37. From the U.S. Attorney's press release
25 statement, Eric Skys, former chairman and president and CEO

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1 Kaiser Himmel Corporation was sentenced by Judge Pauley to 130
2 months. Skys previously pleaded guilty in the middle of a jury
3 trial in August of 2009 to securities fraud, wire fraud, bank
4 fraud, charges of arising from his scheme to defraud Citibank
5 of more than \$83 million. Skies attempted to obtain a loan in
6 that amount from Citibank by posting nonexistent stock as
7 collateral and forged various financial documents as part of
8 the scheme. The evidence also showed that after Citibank
9 detected the fraud refused to grant the loan, Skies attempted
10 to defraud several other financial institutions.

11 Again, Judge Pauley sentenced Mr. Skys to 130 months.
12 The difference between Mr. Galanis and him is that unlike
13 Mr. Galanis, he did not accept responsibility and pled guilty
14 in the middle of trial. Again, he got five years less than
15 Mr. Galanis already has now -- five months less than what
16 Mr. Galanis already has now.

17 In 2008 Philip Bennett was sentenced in this
18 courthouse by Judge Buchwald to 16 years for a fraud of
19 \$2.4 billion. The Southern district's press release statement
20 in July of 2008 states that Mr. Bennett, the former chief
21 executive officer and 50 percent owner of Refco, one of the
22 largest commodities brokerage firms in the world at the time,
23 was sentenced to 16 years in prison for his role in executing a
24 for \$.4 billion fraud. Bennett pleaded guilty one month before
25 his scheduled trial to all 20 counts in the indictment. The

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1 losses that the government described in the press release
2 statement include a \$71 million loss sustained by a customer in
3 trading on the Chicago Mercantile Exchange in 1997, \$160
4 million in losses sustained by a group of customers trading in
5 the Asian markets in 1997, \$40 million in losses from Refco's
6 own trading in Russian bonds in 1998.

7 In addition, Bennett caused the following expense
8 shifting and revenue padding transactions: Approximately \$43
9 million of computer expenses moved out of Refco into Bennett's
10 holding company, \$492 million in interest income charged on the
11 debt owed to Bennett, \$68 million in litigation settlements,
12 \$40 million in profit from a fake U.S. treasury note, and
13 approximately \$109 million in wage and salary expenses moved
14 out Refco into Bennett's own holding company.

15 The point is is that Bennett, this person's fraud, was
16 on an expedientially larger scale than Mr. Galanis'. Judge
17 Buchwald did the same analysis that your Honor is called to do
18 today. She was called on to determine what the lowest of the
19 reasonable sentences were for that human being and it easily
20 could have been 40, 50 or 60 years, but the lowest reasonable
21 sentence for him was 16 years for a loss of \$2.4 billion in
22 untold harm. Again, our point is simply that the government's
23 request here for a top of the range sentence for Mr. Galanis is
24 just greater than necessary.

25 Mr. Galanis' conduct caused real harm to real people

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1 and it is inexcusable but he did not intend to inflict harm on
2 anyone. He did not take the bond proceeds and flee to Brazil.
3 He invested in real companies with real value.

4 THE COURT: He took almost \$9 million to pay off
5 expenses on his Bel-Air home and his Tribeca home and jet and
6 jewelry --

7 MR. MADIOU: He absolutely did.

8 THE COURT: -- very lavish expenditures.

9 MR. MADIOU: And it is inexcusable. That is his
10 offense conduct and that is why he will spend north of 11 years
11 in prison because of it. My comments are not meant to excuse
12 at all. They are meant to contextualize. They are meant to
13 try to place him in the heartland of these reasonable
14 sentences. Again, he will be punished for the rest of his life
15 for his actions here today.

16 He has absolutely no assets that the government hasn't
17 seized. Any money that he will ever earn in his life will be
18 the government's money. Of course the impact of this fraud
19 scheme unraveling is a tragedy. Of course the Wakpamni
20 community should get the \$500,000 they seek in restitution,
21 which the government can provide and of course the pension fund
22 holders should be made whole.

23 Again, he has repeatedly accepted his own
24 responsibility in this fraud. These things while very easy to
25 dismiss in the face of the painful losses that were inflicted,

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1 they really do matter when making this difficult decision about
2 what the lowest reasonable sentence should be.

3 Finally, your Honor, I want to bring to the Court's
4 attention some of the points from our filing yesterday. In our
5 experience, BOP staff is rarely, if ever, allowed to write on
6 behalf of an inmate. Whenever an inmate works in the prison or
7 helps out or shows him or herself to be a model inmate, we as
8 lawyers try to get their counselors to write the letters and it
9 has been my experiences that hardly ever happens. I feel the
10 need to bring this to your Honor's attention because frankly
11 the documents that we filed yesterday, Ms. Scolari and I, have
12 never seen before.

13 Right now I am reading from his Work Performance
14 Rating. "Mr. Galanis appears to have acknowledged the lessons
15 learned so far and are very motivated. He has quickly taken
16 his negative experience and turned it into a positive one and
17 all of his efforts are being acknowledged." I am now reading
18 from what is called a Positive Decision Report. I have never
19 seen this document in my years of practice and neither has Ms.
20 Scolari. It is written by the MCC earlier this month on
21 August 3rd. It says that Mr. Galanis had a positive impact on
22 his fellow inmates by volunteering his time to provide
23 education programs on Unit 5 North. Mr. Galanis has showed
24 himself to be a responsible inmate by contributing to the
25 environment of his unit in a positive way and that impact is

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1 evidenced by the number of fellow inmates that continue to
2 benefit from his efforts.

3 Your Honor, I am going to turn rest of the argument
4 over to Ms. Scolari. Thank you for your attention.

5 THE COURT: Thank you.

6 MS. SCOLARI: Your Honor, I will stay here if that is
7 okay.

8 THE COURT: That's fine. Speak into the microphone.

9 MS. SCOLARI: Your Honor, one of the things I haven't
10 seen in 25 years of practice in this court is entering into a
11 plea agreement with the government with the expectation,
12 because it was not warned otherwise, there have been a request
13 for a guideline sentence. The government certainly has the
14 right to ask under the plea agreement for the top of the
15 guideline, but that was never even hinted at when we reached a
16 plea agreement in this case. I suspect that part of the reason
17 that the government is doing that now is because we had the
18 temerity to bring up the plea agreement that was offered to
19 Mr. Galanis when he was unrepresented on this case.

20 He was arrested on May 11th, 2016. He was remanded on
21 May 19th of the same year. At that time he was represented on
22 the Geroval case by a law firm from California. This Court held
23 a conference on this case on July 11th at which I first
24 appeared for Mr. Galanis as a possible assigned counsel and
25 there was a great deal of discussion about how Mr. Galanis

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1 didn't have the money to pay for counsel, how he couldn't file
2 a financial affidavit because he didn't know the value of his
3 assets, but the government was fully aware that Mr. Galanis was
4 unrepresented because the government notified the Court that
5 Mr. Galanis was unrepresented. Eight days later fully aware
6 that Mr. Galanis was not represented on this case, the
7 government produced a 14-year or 168-month bottom of the
8 guideline range offer for both cases. They made that offer to
9 him if he would plead guilty on both cases.

10 What happened is what the government refers to as he
11 rejected the plea offer; but what actually happened, Judge, is
12 what Mr. Galanis' lawyer in the Gerova case said at sentencing.
13 We, meaning the law firm, that represented about Mr. Galanis on
14 Gerova, could not enter into a disposition in that matter,
15 meaning this case, because Mr. Galanis at the time was pro se.
16 We were not appointed to represent him nor were we retained. I
17 was not professionally prepared nor could I have been to enter
18 a joint disposition.

19 So Mr. Galanis was absolutely failed by the system.
20 Failed. And the government says he rejected the joint plea
21 offer. Once we were appointed in August and got up to speed as
22 quickly as we could, we reached out to the government and said,
23 Mr. Galanis wants to plead on this other case. He should have
24 taken the joint plea and he wants to take the plea and the
25 government said no. They didn't say we discovered more bad

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1 conduct or we discovered obstruction or we found out other
2 things. They simply said no. Now, we suggest to the Court
3 that a starting point is that low end of that guideline because
4 the system failed Mr. Galanis. He was unrepresented.

5 However, the government argues that if he were to have
6 gotten that 14-month or that 168-month bottom of the guideline
7 joint plea agreement, he would have been facing more time
8 because the obstruction would have come up. But this Court
9 sees what happens every day when a defendant has pled guilty in
10 good faith and something comes up in the plea agreement. I am
11 sorry. Something comes up apart from the plea agreement.
12 Something comes up in the PSR. One of the things that happens
13 when a defendant pleads guilty, they do it to cut off any
14 further exposure. They take a plea and the government
15 ordinarily stops investigating because the idea is both parties
16 agree they want to end the case. Sometimes something comes up
17 that causes the defendant to be facing a higher guideline than
18 what is in the plea agreement.

19 Time and again the government stands before the Court
20 and says, Your Honor we stand by our plea agreement. That is
21 exactly what Mr. Blais said in the Geroval case because in the
22 Geroval case Mr. Galanis' original guideline agreement was lower
23 than what came out in the presentence report. Mr. Blais stood
24 up and said, Your Honor, we stand by our plea agreement.

25 THE COURT: He is not claiming ineffectiveness in that

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1 case; right? He has the same lawyer on appeal; right?

2 MS. SCOLARI: No, he does not. He absolutely does
3 not.

4 THE COURT: He is claiming ineffectiveness?

5 MS. SCOLARI: Yes, your Honor, and he is for very good
6 reason, which I can't really go into. At some point we're
7 going to be asked to be relieved because we're witnesses. We
8 are going to be asked to be relieved after we finish the
9 sentencing here.

10 So, your Honor, the point is that the government
11 cannot have it both ways. They cannot offer him a plea
12 agreement that he doesn't get counseled on and he fuses to
13 accept. They will not give it to him. They say, If he had
14 given it to him anyway, he would be facing more time because of
15 the obstruction. That is not how it works. People take a plea
16 to be finished.

17 Now, the conduct in this case is terrible. The letter
18 that the Wakpamni Lake Community lawyers wrote about the victim
19 impact in this case is horrendous and there is nothing I can
20 say to detract from how serious it is. If that were the only
21 thing that the Court were to consider in this case, I should
22 sit down because there would be nothing I can say.

23 Your Honor, well knows that there are factors to
24 consider. One of them is the character and history of the
25 defendant, which we have presented to the Court in somewhat

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1 colorful fashion because that is who John Galanis was. We are
2 not trying to say that Jason Galanis is not responsible as an
3 adult for his conduct, but the Court is under 3553(a) asked to
4 consider the background. If his father was a drug dealer, we
5 would tell you about that. If his father was a child molester,
6 we would tell you about that. We are not saying he is not
7 responsible and we're not trying to have it both ways. We're
8 saying that background is relevant.

9 I didn't grow up with that man as a father. I cannot
10 imagine how it might affect me, but people who have responsible
11 ethical parents tend to be responsible and ethical. My point
12 is that it is a perfectly valid point for make for the Court.
13 We're not trying to shift responsibility nor are we trying to
14 have it both ways, but it is a factor for the Court to consider
15 and it is an important factor. Your Honor knows John Galanis a
16 defendant in this case. Who knows where Mr. Galanis would be
17 if John Galanis were out of his life long before he got
18 involved in this case, but we're not blaming his father, but
19 those are factors for the Court to consider.

20 I would suggest that the Court consider not only the
21 parsimony clause, which obviously says that the lowest sentence
22 is appropriate, the least strict sentence; but what Judge
23 Rakoff said about deterrence and white-collared criminals. In
24 U.S. v. Adelson, which is later repeated in the Gupta case,
25 which we cited for the Court, Judge Rakoff noted there is

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1 considerable evidence that even relatively short sentences can
2 have a strong deterrent effect on perspective white-collared
3 offenders. He cited a law review article and he cited some of
4 the language that was in the Sentencing Commission's 15-year
5 report.

6 By the way, the government makes light of or is
7 sarcastic or mocking about the idea that Mr. Galanis has
8 transformed. They repeat what we said "complete
9 transformation" several times. Your Honor, a person can be
10 transformed in one day. They can be transformed by one
11 traumatic experience. Mr. Galanis has been in jail for 15
12 months. I am not suggesting it was overnight, but Mr. Galanis
13 has been in some of the worst conditions that I have seen in 25
14 years of practice.

15 MCC has turned into what in effect is a maximum
16 security facility. There are assaults and attacks constantly.
17 They are constantly locking down. Lawyers cannot even get in
18 to visit. People are smoking K2. They are there are weapons.
19 The guards cannot keep up. It probably is because of the
20 volume. It is because of the nature and the different groups
21 that they are bringing in. There are street kids and gang kids
22 that are just not stopping. You don't have to take my word
23 about Jason Galanis being incredibly impacted by his time in
24 jail. What he wrote, I am deterred, and his description of
25 what he has seen on his unit in the time that he has been

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1 there. He has seen seven on one beatings. He has seen weapons
2 made out of locks in socks swung and used to smack people's
3 heads in, smash their teeth in. He saw one person have their
4 face cut from cheek to ear by razor all of this because these
5 people were thought to be snitches. All of this because there
6 is a code there that is something he cannot imagine.

7 Mr. Galanis is from California. He has no neighbors,
8 friends, gang members, associates in that jail. So what he has
9 been through just by being surrounded by this is enough to
10 change anyone. What he is saying is not, I am now a perfect
11 person. I now know I will always be a good person. What he
12 said was, I will never be back in a situation like this again.
13 Courts say, I am going to send a message relating to general
14 deterrence. What Mr. Galanis is saying is this: I have a
15 message for anybody thinking about doing what I did: Don't do.
16 Don't be foolish. Do not end up where I am because it is not
17 worth it. That is what he is telling you in his letter. That
18 is what he is telling you about what he has been through.

19 You also don't have to take Mr. Galanis's word. There
20 was a letter that was written by another inmate who is a GED
21 tutor. What he says is, The transformative properties of
22 incarceration falls on deaf ears most of the time. Recidivism
23 rates show that. I can safely say that Jason Galanis is not
24 deaf. Quite the opposite. During conversations and teaching
25 sessions, the one thought that Jason pounds into the listener

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1 is, We have an ethical responsibility beyond our own agenda.
2 Failure to live up to this standard will only land you back in
3 here. These are not the words of a man who has not responded
4 positively to a thoughtful analysis of where he went wrong.
5 This is not somebody that would ever expect to have his voice
6 heard but seems to genuinely believe what he has seen and what
7 he has seen Jason Galanis teaching to the kids that he has been
8 working with that Jason Galanis truly has changed in the sense
9 that he believes that he is responsible for where he is, he is
10 responsible to be sure he never comes back. So he has changed
11 in the sense that he will never do something that will land him
12 in prison again and prison clearly can be transformative.

13 You also don't have to take that inmate's word. Take
14 the word of the staff and what has been written about
15 Mr. Galanis. Madiou read some of it so I will not repeat it,
16 but one of the things that struck me is this: When someone is
17 dealing with the worst situation they have ever been in in
18 their life, their true colors show, whether they are
19 courageous, whether they are blaming, whether they are hiding
20 or stepping up. What one staff member wrote about Jason is
21 that he handles his situation with grace. He faces challenges
22 gracefully and is being recognized for his dedication and the
23 efforts that he has made to teach.

24 What Mr. Galanis has also learned beside the fact that
25 he doesn't want to be in jail because it is horrible is that

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1 there is really value. He has learned that those of us who do
2 public service, who have been chosen to do public service have
3 learned, which is doing good work that affects people can have
4 a far greater value than the money or the possessions that you
5 can obtain by doing something else. He has learned by
6 teaching. He has learned somewhat when he was working at
7 Operation Gratitude that volunteering and helping someone else
8 helps you. It raises you. It lifts you. It makes you a
9 better person.

10 Jason Galanis cannot change what he did. It was
11 terrible. He cannot change it. All he can do is what he is
12 trying to do, Judge, which is change who he is.

13 Thank you.

14 THE COURT: Thank you.

15 Mr. Galanis, I read your letter, but I am happy to
16 hear anything you would like to say today.

17 THE DEFENDANT: Thank you, your Honor. I will stand.

18 THE COURT: Bring the microphone a little closer so we
19 can hear, please.

20 THE WITNESS: Can you hear me now, your Honor?

21 THE COURT: Yes.

22 THE WITNESS: If you don't mind, your Honor, I am
23 nervous and if I could read from this that will be helpful.

24 THE COURT: That's fine. Go ahead.

25 THE DEFENDANT: First of all good afternoon.

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1 Your Honor, the wish there were words in precious
2 moments granted that I thought were enough, enough to provide
3 you with additional insight or inform you of my mindset. There
4 simply are not enough words to fully express how profoundly
5 sorry and remorseful that I am.

6 I wrote you a letter and I shouldn't -- and I hope it
7 communicated some facts and you would consider that. I wanted
8 to tell you also not just facts but the way I feel and how I
9 feel about my conduct and the implications on others around me.
10 Your Honor, I stand before you humiliated. Utterly humiliated.
11 Although it is insufficient I want to apologize for my actions
12 and how they have affected numerous victims in this case. I
13 will never live down the shame. It will be with me forever. I
14 brought ruin upon my loving and devoted wife who I have been
15 with for 20 years. I almost cannot bear the shame and
16 imposition on her and all the innocent parties affected.

17 Humiliation and shape are powerful emotions and they
18 are deserved and I must be made to suffer under their weight.
19 I understand this. However, from out of humiliation I am
20 gaining humility that I didn't always practice in my former
21 life. Humiliation is the pain. Being humble is the
22 redemption. I am learning to walk a smaller path and act more
23 thoughtfully.

24 Your Honor, a Buddhist monk visits us once a month at
25 MCC. Three or four of the men in my unit, Unit 96, do sit with

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1 him. There are a bunch of words that I have taken away and
2 have meant something to me. One phrase meant a lot to me and I
3 wanted to read it for your Honor. That is: Think good
4 thoughts, speak kind words, do good deeds. I believe I can
5 learn to live true to these words and teachings, your Honor. I
6 believe I am capable of redemption.

7 In closing I owe your Honor a thank you. You
8 appointed two of the most capable and dedicated lawyers I could
9 have hoped for and I am grateful. With humility I stand in
10 judgment, your Honor. Thank you.

11 THE COURT: Thank you.

12 Is there any reason why sentence cannot be imposed at
13 this time?

14 MS. MERMELSTEIN: No, your Honor.

15 MS. SCOLARI: No, your Honor.

16 I just have one request once the Court imposes
17 sentence, which is what has to be addressed is the fact that
18 Mr. Galanis will not get credit for the time he has been in.
19 So I will explain that to you, but I don't want to interrupt.

20 THE COURT: We'll talk about that at the end.

21 Mr. Galanis, you speak and you write very eloquently
22 and while recognizing that you have spent a good deal of your
23 life charming, manipulating and flat out lying to people, I
24 like Judge Castel did before me choose to believe that your
25 time at the Metropolitan Correctional Center has changed you in

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1 some way. I've considered the reports from the MCC praising
2 the work that you have done teaching your fellow inmates. I
3 have also read the letters from the fellow inmates, who have
4 taken your classes.

5 I will add that I had a defendant in a totally
6 unrelated case mention in a letter to me that he took one of
7 your classes. I never have had defendants submit letters for
8 fellow inmates before.

9 So I am pleased to see that you have found some
10 salvation in teaching and in giving back; but even assuming the
11 truth of this so-called transformation, that is not the only
12 thing I have to consider at sentencing today. I am required to
13 consider the advisory guidelines range of 188 to 235 months in
14 prison as well as the various other factors of the provision of
15 the law that I mentioned, 18, U.S. Code, Section 3553(a), and I
16 have done that.

17 There is no real dispute about the seriousness of the
18 crime and the harm done to one of the poorest Native American
19 tribes in the country as well as the clients of Hughes and
20 Atlantic, pension funds held for the benefit of transit
21 workers, longshoreman, housing working authorities, housing
22 authorities workers and city employees, hard-working people,
23 everyday people, among others. So I do believe that a very
24 substantial sentence needs to be imposed to reflect the
25 seriousness of the offense, promote respect for the law,

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1 provide just punishment for the offense, and afford adequate
2 deterrence to others who may seek to engage in such conduct.

3 I also agree with the government that while loss
4 amount -- this is an argument your attorney made in your
5 sentencing submission -- is sometimes in imperfect proxy for
6 wrongdoing, here you have someone who over the course of two
7 years stole more than \$40 million from numerous pension fund
8 clients and left the Wakpamni Lake Community Corporation
9 without the money for economic development and owning more than
10 \$60 million on the outstanding bond. And you benefited
11 personally as I alluded to earlier using over \$8 million,
12 almost \$9 million for lavish personal expenditures, including
13 home expenses, automobiles, travel, clothing, jewelry expenses
14 and meanwhile the WLCC and Atlantic and Hughes investors were
15 left with nothing.

16 In a victim impact statement the Wakpamni Lake
17 Community described how the fraud has affected the community
18 reputationally, economically and emotionally. The Chicago
19 Transit Authority Retiree Healthcare Trust, a client of Hughes
20 has also written to the Court noting that the money lost would
21 have gone to pay for healthcare costs, for retired employees
22 and their spouses. The Water Works Board for the City of
23 Birmingham described how you and your co-conspirators defrauded
24 nearly 900 retirement plan participants for most of whom the
25 planned income is their primarily source of income. Out of

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1 \$4.3 million. And the MDAL, which provides health and medical
2 benefits to over 65,000 participants suffered a loss of \$2.8
3 million, which could have been used to pay for healthcare for
4 tens of thousands of working people and families in the United
5 States.

6 I have considered your leadership role, the number of
7 victims, and your attempt to obstruct justice, and then you
8 have this history of fraud and dishonesty. Not only were you
9 barred by the SEC in 2007, convicted of tax evasion in 2011,
10 but as we discussed sentenced to 135 months in prison earlier
11 this year by Judge Castel in connection with the Gerova and
12 Tagliaferri scheme. Indeed you committed the instant offense
13 in part while you were on probation and following your arrest
14 in the Gerova matter. So here there is not only a need for
15 general deterrence to deter others from committing these crimes
16 but a need to deter you in the future when you get out from
17 future crimes.

18 I have considered all of the arguments that you have
19 made. I have considered the need to avoid unwarranted
20 sentencing disparities. I have read all the letters on your
21 behalf and I have read the very positive work performance
22 ratings and certificates in completions from the MCC.

23 Just a word about your father. I don't doubt how his
24 life trajectory affected yours, but you are 47 years old. You
25 are almost 50 years old. This is far from your first offense.

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1 You have had a lot of time to decide who you want to be and you
2 and only you as you recognize made the conscious adult decision
3 to follow in his footsteps. Frankly, you have had many more
4 opportunities in life than most of the defendants that I see
5 before me.

6 So for all of those reasons I do believe that a
7 sentence within the guidelines is appropriate. It is the
8 judgment of this Court that you be committed to custody of the
9 Bureau of Prisons for a term of 188 months, 60 months on Count
10 One and Count Three and 188 months on Count Two all to run
11 concurrent to each other and 128 months to run concurrent to
12 the sentence imposed by Judge Castel. That term of
13 imprisonment is to be followed by term of three years of
14 supervised release on each count also to run fully concurrent.
15 I believe that this sentence is sufficient but not greater than
16 necessary to comply with the purposes of sentencing set forth
17 in the law.

18 You can be seated if you would like while we discuss
19 the conditions of supervised release. I am happy to talk about
20 the credit issue. I do believe that he should get credit for
21 time that he has served. So I am happy to hear you out on
22 that.

23 MS. SCOLARI: Your Honor, the issue with that is this:
24 Even if your Honor were to say that your intention is that his
25 sentence now were to run fully concurrent with the Judge Castel

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1 sentence, Mr. Galanis will not get credit for the 15 months he
2 has been in because the sentence that he will be serving that
3 you are about to impose begins today the day of imposition. So
4 what we ask the Court to do to give him credit is to reduce the
5 sentence you are imposing of 188 months by 15 months because
6 that has already been credited to the Geroval case and he will
7 not get that credit because it has been credited. There is a
8 statute that prohibits the Bureau of Prisons from double
9 counting and this would be double counting. So the way to do
10 it and the only way to give him that credit is to say, I intend
11 to give you 188 months concurrent, but I am reducing it by 15
12 months to give him the credit.

13 THE COURT: What is the government's position on that?
14 He should get some credit I think we would agree for the time
15 he has spent incarcerated; right?

16 MS. MERMELSTEIN: Your Honor, the government doesn't
17 have any objection to structuring the sentence so that it is as
18 though he surrendered on those cases on the same day.

19 THE COURT: How would you propose that I do that?

20 MS. MERMELSTEIN: Just one moment, your Honor.

21 THE COURT: Sure.

22 I think the way to structure the sentence is as
23 follows: Your Honor, imposed a sentence of 188 months, 128 of
24 which was to be concurrent. Functionally I understand your
25 Honor to have indicated that you think 60 months of additional

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1 time on top of Judge Castel's sentence is what is warranted.
2 So if you structure it that way and you say the total sentence
3 of 195 months would have been from the starting date and you
4 then subtract the 15 months that Mr. Galanis has been served
5 the resulting appropriate sentence if my math -- oh, Mr. Blais
6 is saying my math is wrong.

7 MS. SCOLARI: Your Honor, I can tell you we're puzzled
8 back here. When your Honor said 128 months concurrent, I
9 didn't understand that. I thought you meant 188 months
10 concurrent, which would mean the difference between 135 and
11 188.

12 THE COURT: No. I said 128 months current. By that I
13 mean that he should serve five additional years for the conduct
14 in this case. That was my intention. I gave him a guideline
15 sentence of 188 months and the idea is 128 months is to be
16 served concurrently to the Judge Castel sentence so he does an
17 additional five on this case. That is my intention. Again, I
18 think people should get credit for time they serve in prison
19 and I am open to talking about how to accomplish that.

20 MS. SCOLARI: Okay.

21 MR. MADIOU: 16 total. The Geroval sentence and this
22 sentence, your intention is to have Mr. Galanis serve a total
23 of 16 years, five plus 11?

24 THE COURT: It's 15 years, eight months.

25 MR. MADIOU: Or 15 years, eight months.

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1 THE COURT: It is 188 months. That is the intention.
2 That is the sentence. The idea is that 60 months are not
3 concurrent. I am trying to explain it a different way. As I
4 said, 128 months are concurrent so that he is sentenced to a
5 five-year additional term.

6 Is that unclear?

7 MS. MERMELSTEIN: I think I understand what your Honor
8 is saying. What I suggest then is to structure the sentence to
9 effectuate credit for the time that he has already been in,
10 which the government agrees with your Honor is appropriate, is
11 I think is as follows: If you think about the sentence that
12 would have been imposed on the day he first started serving his
13 sentence if we were effectuating Judge Castel's sentence and an
14 additional 60 months functionally, then the Judge Castel
15 sentence of 135 months would have had 60 months added to it and
16 the total sentence from --

17 THE COURT: 195.

18 MS. MERMELSTEIN: 195. He has been in 15 months. In
19 order to credit that, your Honor should impose a sentence of
20 180 months.

21 THE COURT: All to be served concurrently to the
22 sentence.

23 MS. SCOLARI: We need to work this out.

24 THE COURT: Sure.

25 MS. SCOLARI: Your Honor, I think the confusion is

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1 this: The only way to give Mr. Galanis credit for the time he
2 has been in, is to reduce the sentence you intend to impose by
3 15 months. So if what you intend to do is impose 188 with only
4 128 months of it being concurrent, then what I would recommend
5 the Court do, and I think this is the way to do it, is to say
6 is what you said, which is instead of saying 188, impose 188
7 minus 15 and say that out of that amount that you are imposing
8 only 128 is to be concurrent.

9 THE COURT: Well, I think if we started at 173 then we
10 would subtract 135 from that; right?

11 MS. SCOLARI: Because he doesn't have 135 left to do.
12 That is because they give him the 15 months credit. It is not
13 15 months. The other case he has got jail credit that he had
14 up until that sentence.

15 THE COURT: Okay.

16 MS. SCOLARI: So that is why I am saying the only way
17 to get him the time that he has been in to give that back to
18 him is to take the total sentence you intend to impose,
19 subtract the 15 and make that top amount lower and then
20 indicate what you would like to be concurrent as a
21 clarification.

22 THE COURT: Does the government have any objection to
23 my imposing a 173-month sentence and indicating that all but 60
24 months should be concurrent?

25 MS. MERMELSTEIN: I think that reaches the same

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1 result.

2 THE COURT: That what?

3 MS. MERMELSTEIN: It reaches the same result as what
4 the government proposed. To the extent the point here is 60
5 months on top of Judge Castel's sentence --

6 MS. SCOLARI: I can't hear.

7 MS. MERMELSTEIN: I think that the proposal that the
8 Court has just suggested functions in the same way ultimately
9 as what the government suggested. The government doesn't have
10 a view about what structure is better.

11 THE COURT: I am going to impose a sentence of 173
12 months and all but 60 months of that is to be served
13 concurrently. My intention was to give a sentence within the
14 guidelines. I am making this variance for the sole purpose of
15 allowing him credit for time that he has served, which I think
16 is fair.

17 MS. SCOLARI: Your Honor, I understand that. I would
18 just ask the Court this: I am not asking you not to impose
19 sentence. I am asking you to give me leave to come back to
20 request a correction if I check with BOP and they say that
21 saying you intend all but 60 months to be concurrent needs to
22 be clarified.

23 THE COURT: That's fine. Let me know that. If need
24 be, you can let me know and we'll meet good. If not, I will
25 hold off on signing the judgment for a few days until early

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1 next week. I think my intention is clear.

2 MS. SCOLARI: I do, too. We have one other request in
3 terms of recommendation as to designation.

4 THE COURT: Okay.

5 MS. SCOLARI: Mr. Galanis's wife lives in southern
6 California and we are requesting a recommendation of Terminal
7 Island, which is a facility in California.

8 THE COURT: I will make a recommendation for a
9 facility in California as close to his home in California as
10 possible.

11 MS. SCOLARI: Your Honor, if you could specifically
12 say Terminal Island. The Bureau of Prisons doesn't have to
13 follow it, but it does pinpoint the closest facility to his
14 home.

15 THE COURT: That's fine.

16 MS. SCOLARI: I will make that recommendation.

17 THE COURT: So with respect to the supervised release,
18 the mandatory conditions of supervised release shall apply.

19 Mr. Galanis, you must not commit any other federal,
20 state or local crime. You must not unlawfully possess a
21 controlled substance. You must refrain from any unlawful use
22 of a controlled substance. You must submit to one drug test
23 within 15 days of release from prisonment and at least two
24 periodic drug tests thereafter as determined by the Court. You
25 must cooperate in the collection of DNA as directed by the

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1 Probation officer and you must make restitution in accordance
2 with the provisions of the law cited herein.

3 The standard conditions of supervised release shall
4 apply. In addition, in light of the nature of the crime, I am
5 going to follow the Probation Department's recommendation and
6 make the following special conditions part of your supervised
7 release: You must provide the Probation officer with access to
8 requested financial information. You must not incur new credit
9 card charges or open additional lines of credit without the
10 approval of the Probation officer unless you are in compliance
11 with the installment payment schedule. If you are sentenced to
12 any period of supervision, which you are, you'll be supervised
13 by the district of your residence.

14 I am not going to impose a fine in light of the
15 restitution order and the forfeiture order given the amounts in
16 question. I am imposing the mandatory special assessment of
17 \$300, which shall be paid immediately. Pursuant to the consent
18 preliminary order of forfeiture money judgment, you are ordered
19 to forfeit \$43,277,000 -- is it 43 cents?

20 MS. MERMELSTEIN: \$43,277,436.

21 THE COURT: \$436.

22 Is the government prepared to submit a proposed
23 restitution order at this time?

24 MS. MERMELSTEIN: We are, your Honor. The one
25 outstanding issue was the restitution to the Wakpamni Lake

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1 Community Corporation. The rest of the proposed restitution
2 order is the money invested by the Atlantic and Houghs clients
3 which is that same \$43 million. So the government will submit
4 a restitution order for that \$43 million and the approximate
5 \$500,000 that the Wakpamni Lake Community Corporation seeks and
6 which I understand the defendant does not object to. If my
7 math is right the total restitution is therefore \$43,785,176,
8 but we'll submit a restitution order next week, your Honor.

9 THE COURT: So I will get the restitution order next
10 week. I understand that there is no objection to that amount
11 of restitution.

12 Does either counsel know of any legal reason why this
13 sentence cannot be imposed?

14 MS. MERMELSTEIN: No, your Honor.

15 THE COURT: Does counsel know of any legal reason why
16 this sentence cannot be imposed?

17 MS. SCOLARI: Can we have another moment, your Honor.

18 THE COURT: Go ahead.

19 That's the sentence of this Court.

20 Mr. Galanis, you have the right to appeal your
21 conviction and sentence except to whatever extent you may have
22 validly waived that right as part of your plea agreement. If
23 you do choose to appeal, the notice of appeal must be filed
24 within 14 days of the judgment of conviction. If you are not
25 able to pay for the cost of an appeal, you may apply for leave

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1 to appeal in forma pauperis, which simply means the court costs
2 and filing fees will be waived. If you request, the Clerk of
3 Court will prepare and file a notice of appeal on your behalf.

4 Are there any open counts to dismiss?

5 MS. MERMELSTEIN: There is an underlying indictment
6 which the government moves to dismiss.

7 THE COURT: That will be dismissed.

8 Mr. Galanis, you talked in your letter about having
9 squandered a life of promise. I think to some extent that
10 definitely is true. With your intelligence and talents, you
11 could have been leading a very different life right now. You
12 knowingly made the decisions that brought you here and you hurt
13 a lot of people. I think you are right as you said in your
14 letter to focus on what your friend said, which is that you can
15 make a choice to leave prison a better person than the person
16 that went in. I do hope you will make that choice and will
17 keep teaching and keep being a positive influence on other
18 people. I wish you luck with that.

19 Are there any other applications?

20 MS. MERMELSTEIN: No, your Honor.

21 THE COURT: Are there any other applications from
22 defendant?

23 MS. SCOLARI: No, your Honor. Thank you.

24 THE COURT: Thank you, we're adjourned.

25 o0o